

Empowerment Zone (EZ) Small Business Loan Program

What is the Empowerment Zone? An Empowerment Zone is a federally recognized distressed area in need of sustainable community development.

The El Paso Empowerment Zone contains 12 census tracts with a 1990 Census population of 51,444 and a total area of 10.8 square miles. El Paso's EZ covers the central core of the city and a portion of the Ysleta area on the east side of town. Statistically, the residents of the El Paso EZ are among the City's poorest.

By providing the loan program, the federal initiative helps spur private investment in communities that have experienced severe economic decline. The program seeks to assist residents in obtaining and retaining a job, as well as help businesses establish or expand in the Empowerment Zone.

Application Submission:	<p>Application submittal is on-going pending RLF fund availability. Applications will be reviewed as received. There are no application deadlines.</p> <p>Each application will be considered upon its merits without regard to age (provided the applicant is of age prescribed by law), race, creed, marital status, national origin, or sex.</p>
Eligibility:	<ul style="list-style-type: none"> Business MUST be located in the El Paso Empowerment Zone. To verify if an address is in the EZ, visit a web address locator at http://egis.hud.gov/ezrclocator/. Businesses in the service or retail industry will be considered for funding. Businesses that are not in the service or retail industry; but, provide employment opportunities to residents within the Empowerment Zone will be considered for funding. One full-time position is required for each \$35,000 in loan requested. This doesn't apply for those businesses requesting less than \$5,000.
Loan Range and Rebate:	<ul style="list-style-type: none"> Micro Loans: up to \$5,000 and business owner must live in the EZ. <i>(If loan is paid in accordance with amortization schedule, borrower receives 50% principal rebate at time of loan pay-off.)</i> Small Business Loans: \$10,000 - \$500,000. <i>(If loan is paid in accordance with amortization schedule, borrower receives 20% principal rebate [cap: \$20,000] at time of loan pay-off.)</i>
Interest Rate:	3% Fixed Rate
Term:	No more than 10 years <i>(dependent on loan amount, loan purpose, and collateral)</i> . The period of repayment needs to match the useful life of the asset being financed.
Applicant's Contribution:	At a minimum, loan applicants must provide a 10% contribution to the project.

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Collateral:	<ul style="list-style-type: none"> ▪ RLF loans will be secured with various types of collateral. ▪ The value of the collateral must be commensurate with the amount of the loan, with future value being taken into consideration. ▪ The City may seek a first or second lien position for the collateral, depending on how the entire project is structured. ▪ All borrowers with 20% or more ownership in the business must personally guarantee the loan.
Application Forms:	See attached “ <i>Checklist</i> ”
Approval Process:	<ul style="list-style-type: none"> ▪ Recommendation provided by Community Development City Staff. ▪ City Manager authorized to sign loans under \$50,000. ▪ City Council authorizes loans \$50,000 and over.
Turnaround Time:	Average 14 to 90 days for decision (<i>dependent on loan amount request and loan purpose</i>).
Eligible Projects:	<ul style="list-style-type: none"> ▪ Business and microenterprise start-up activities ▪ Working capital, Equipment, Fixtures, Furnishings, Inventory ▪ Gap Financing, Building Acquisition, Leasehold Improvements ▪ The City will limit one active business loan per business across City loan programs ▪ Business can’t be engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending ▪ No refinancing
Construction Projects:	Applications for rehabilitation or new construction must be accompanied by a signed estimate and be designed by an architect or engineer legally-registered in the State of Texas.
Other Requirements:	<ul style="list-style-type: none"> ▪ For loans over \$5,000: General Liability Insurance with City of El Paso named as additional insured. ▪ All loans: Applicants must comply with Ordinance 9779 (Non-Discrimination Against Persons with Disabilities). ▪ All loans: Projects are subject to Environmental Review Clearance. (Building acquisition and/or significant renovation will require Phase I: Environmental Site Assessment) ▪ Fees related to independent appraisals and independent environmental site assessments are to be paid by the applicant. Submission of the completed documents does not guarantee loan approval.
Payments:	Payable to City of El Paso
Additional Questions:	Contact Isela Robison, Empowerment Zone Coordinator (915) 212-1675 or robisonie@elpasotexas.gov